

**DEPARTMENT OF HEALTH SERVICES**

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To All County Medi-Cal Administrative Activities (MAA)/  
Targeted Case Management (TCM) Coordinators and  
Advisory Committee Members

**CALCULATION OF THE MEDI-CAL PERCENTAGE BASED ON AN ACTUAL HEAD COUNT**

The purpose of this letter is to provide clarification to all local governmental agencies (LGAs) of the Department of Health Services (DHS) policy regarding the definition of an actual headcount and the calculation of the discount percentage.

Pursuant to Policy and Procedure Letter No. 96-015, "Standardized Format, Descriptions and Instructions for Preparing the MAA Claiming Plan," the LGA must identify which discounting methodology the claiming unit will be using. State and federal guidelines require that the discount methodology must be "statistically valid." Currently, the Countywide Average and the Actual Head Count are the two approved methodologies for calculating the Medi-Cal percentage.

A Medi-Cal percentage that is based upon an actual "head count" methodology is determined from the total number of Medi-Cal recipients and the total number of all individuals served by the claiming unit. The total number of all individuals served by the claiming unit is defined in the claiming plan as the target population. The Medi-Cal percentage is the fraction of a claiming units' target population who are actual recipients of the Medi-Cal program.

The Medi-Cal percentage is calculated for at least one full month during each quarter for which the LGA will be invoicing. The claiming unit must clearly define in the claiming plan the target population served and determine the Medi-Cal status of each person subsequently served by that claiming unit. The target population served must equal the total number of individuals served by the claiming unit who are both Medi-Cal and non-Medi-Cal eligible. Individuals must meet the defined target population and must have accessed a service performed by the claiming unit. This will require documentation of the Medi-Cal status of each individual served by the claiming unit. The information must be substantiated and based on actual data collected by the claiming unit.

